

Washington, D.C. – Yesterday evening, in response to concerns raised by a broad range of constituents about looming sequestration spending cuts, Representative David Price (NC-04) delivered a major speech explaining the roots of the current crisis, and outlining how Congress can move past the "fiscal cliff" in a way that accelerates our economic recovery and restores our fiscal health. The text of Rep. Price's remarks is below.

Watch Rep. Price's Remarks on YouTube

In recent weeks, every member of Congress has heard from a broad range of interests – education leaders, state and local officials, defense contractors, and small businesses – people concerned about the devastating impact of the looming "sequestration" spending cuts.

Each of these groups, indeed all of our constituents, deserve an honest accounting: How did we get in this predicament? And how can we get out of it in a way that accelerates our economic recovery and restores our fiscal health?

Our situation results from the failure of the so-called Supercommittee, established in the wake of the debt ceiling crisis manufactured by Republicans last summer, to come up with a deficit reduction plan. Instead, we are faced with across-the-board cuts that would indiscriminately slash more than 8% from every national security and domestic account.

Cutting with a meat ax instead of scalpel is the most dangerous way imaginable to set fiscal policy. These cuts would come on top of the more targeted, but nonetheless significant, \$917 billion in cuts and spending caps that the Administration and Congress have already locked-in. In the case of defense spending, these earlier cuts were a result of a careful strategic review by the Administration and will save nearly half a trillion dollars over the next ten years. As for domestic investments in education, infrastructure, research and innovation, these cuts have already gone too far, slowing the recovery and putting at risk our ability to compete in the global marketplace.

House Republicans' first-order of businesses in the 112th Congress was to precipitate an unnecessary, confidence-shaking government shutdown crisis to extract domestic spending cuts. From there they moved to the needless, months-long debt ceiling crisis—months during which consumer confidence plummeted and the economy posted 2011's four slowest months of job growth.

By undermining confidence in the economy and withholding counter-cyclical investments that would boost the recovery and prompt future growth, Republicans have provided a case study in how not to make macroeconomic policy. And yet they want to do more of the same. According to the Economic Policy Institute, House Republicans approved a 2013 budget that would put 4.1 million people out of work by cutting investments in our future.

At root, Republicans are proposing a brand of European-style austerity, the same policy that has tipped many economies back into recession. Interestingly, with sequestration now looming and pressure from defense contractors mounting, a substantial portion of the Republican caucus on both sides of the Capitol has belatedly become aware of the concept of macroeconomics. You might call it Defense Keynesianism—the belief that only defense spending creates jobs and that cutting it would result in job losses. In fact, the same argument applies equally to domestic investments in education and research and infrastructure—a truth Republicans have found it convenient to ignore.

Republicans, by the way, can only thank themselves for the deep defense cuts in sequestration. One can easily imagine an alternative sequestration approach, triggering a tax surcharge in addition to less severe cuts to defense and domestic spending. But as was the case during these repeated, unnecessary crises, Republican dogmatism kept revenue off the table.

It is clear sequestration would devastate our defense, education, infrastructure and research sectors, undermining our economy over the near and long-term. It would also hobble critical functions, from air traffic control to meat inspection and Social Security claims processing. It can't be resolved in isolation, or through half-measures. And yet Republicans are now proposed staving off the impact of sequestration on defense alone, and they'd pay for it by again targeting health care for low-income women and children, food and nutrition assistance, and other safety net programs for the poorest Americans, in addition to locking in a 2% Medicare cut. Their plan would victimize the most vulnerable, hinder job creation, and jeopardize our ability to compete.

There is a better way, and the impending "fiscal cliff"—which includes both sequestration and the expiration of the Bush tax cuts—offers an opportunity for all members of Congress to set the talking points aside and act in our country's best interest.

I know we can chart a course to fiscal balance, because we've done it before. In the budget agreements of 1990 and 1993, which set the stage for four years of budget surpluses, the formula was fiscal discipline on all fronts. No area of spending can be sacrosanct. We should focus our limited dollars on boosting the recovery and making critical investments in our future, because the most effective means of deficit reduction is a growing economy. And, as in the 1990s, revenue must be part of the solution. The President has already proposed a sensible plan allowing the Bush era tax breaks to expire on income over \$250,000 a year. Extravagant tax breaks for various special interests must be ended. The revenue raised could be used to pay down the deficit and help fund the investments in education, research, infrastructure and innovation that are critical to economic growth.

Most Americans agree with this comprehensive approach. But most Republicans still hide behind their anti-tax pledges. Their insistence that no additional revenue can ever be raised, for example, by ending tax loopholes for oil companies or asking millionaires to return to their Clinton-era tax rates, is still the largest obstacle to a sensible budget compromise in Washington. As we approach the fiscal cliff, that fever has got to break. We must find our way to the comprehensive, balanced approach that will enable our country—and all of our people—to prosper.

#